

## The evolution of the Costa Rican Program of Payment for Environmental Services: a learning process and stakeholders' balance of power perspective.

Jean-Francois Le Coq (CIRAD / ART-Dev), Geraldine Froger (Cemotev/UVSQ),  
Thomas Legrand (Cemotev/UVSQ), Denis Pesche (CIRAD / ART-Dev),  
Fernando Saenz (UNA / CINPE).

### Research Problem and objectives

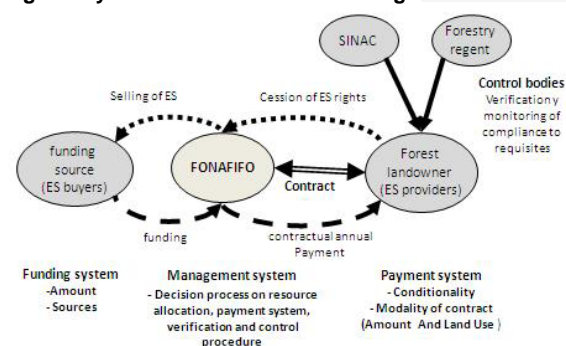
The Payment for Environmental Services program (PESP) of Costa Rica was a pioneer program to be developed using the notion of PES. The PESP has been analyzed as a very promising innovating instrument for conservation purpose and has been considered a reference model for PES development. As such, many scholars analyzed the Costa Rican PESP and have discussed its environmental efficiency and poverty effects. Nevertheless, the evolution of the PESP has been poorly documented from an institutional dimension including stakeholders' perspectives. Thus, we analyzed the evolution of PESP since its beginning in 1997 highlighting the role of the different actors involved in its evolution.

### Methods

We revised the abundant literature on PESP to characterize its key features: funding system, management system and payment system (Fig. 1). We then analyzed the changes of these features since 1997.

We carried out direct interviews of more than 50 stakeholders that has been participating in elaboration and implementation of the PESP to understand its evolution.

Fig. 1: key features of PESP functioning



### Results

We evidenced several trends in PESP evolution: 1) the consolidation and diversification of financial resource, 2) an evolution of the payment system toward a better targeting and differentiation of payment, and 3) a strengthening of monitoring and control practices (Fig. 2). We identified 3 periods in PESP the evolution of PESP (Fig 2) : 1) a first period of PESP consolidation that was mainly oriented by the productive forestry sector, 2) a second period where orientation toward conservation and social purpose where strengthened under conservationists and donors influences, and 3) a last period where the orientation of PESP reflect a balance between multiple visions and interests of the stakeholders, as well as the adjustment to funding actors preoccupation.

Fig. 2: Evolution of PESP and dominant stakeholders from 1997 to 2011

		1997-2002	2002-2006	2006-2011
Key feature of PESP	payment system	3 PES modalities (forest protection, reforestation, forest management)	- Suppression of PES modality of Forest management - Creation of PES modality for Agro forestry System  Revalorization of level of payment for PES modality of Reforestation Priorisation of payment according to localization of plots (biologic corridor and low development index) enabling some degree of payment targeting	10 PES modalities enabling differentiation of payment according to ES importance (PES for forest protection in biodiversity spots or water services important plots; PES for pasture regeneration in plots eligible to Kyoto protocol); - Reintroduction of PES for forest management
	management system	Shared between Fonafifo (fund raising and administration) and SINAC (priority and beneficiaries selection)	Strategic and operational management concentrated in Fonafifo in charge of promotion, beneficiary selection, funds administration development of GIS control and monitoring Simplification of payment procedure (payment through direct bank transfer)	
	funding system	100 % public funding through oil tax	Oil tax + public loans (and international grants)	Consolidation and diversification of funding sources (private and public): Oil tax + public loans and donors grants + private contribution + water tax
PESP Orientation		productive and conservationist	Mainly Conservationist integration of rural development and	Conservationist and productive poverty alleviation concerns
stakeholders balance of power in PESP governance	dominant Stakeholders groups	Productive forestry actors	small scale forestry and ecologists actors	productive forestry and environment oriented actors
	explicative factors	well organized and unified representation of forestry productive sector (small and large forest owners) supported by ministry of environment and international cooperation	- fragmentation of productive forestry sector representation, - raise of environmentalist in forestry representatives with support from new ministry of environment, - involvement of international funding agencies arguing for more ecological and social orientation of PESP	- renewed necessity of national wood production and extractions due cope with wood national demand and face increasing wood imports; - development of new public and private funding sources according to ES provision (Carbon mitigation, Biodiversity fund, Water tax), - public opinion, leading economic sectors and politicians favorable to the strengthening of the "green image" of Costa Rica

Whereas few persons were managing the concept of PES in 1997, most of stakeholders involved in forest issues have progressively integrate PES concept and tends to influence PESP orientation. If agricultural producers main representative forces has been poorly interested and involved in PESP conception and evolution, the ecologists, environmentalists and some small farmers groups have been progressively gained forces in the PESP orientation.

### Conclusion

PESP is not a mere market based instrument driven by a market coordination but a policy instrument driven by complex multi-stakeholder governance. The multiple orientations and its functioning respond to a complex equilibrium between the different aspirations between groups of stakeholders. Hence, the evolution results from complex interaction between many national and also local stakeholders that tends to orient the objectives and the functioning of the PESP towards their interests and vision. The main evolution of the PESP orientations result from the changes in the balance of power between these stakeholders.